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PREPARATORY COMMISSION FOR THE
INTERNATIONAL SEABED AUTHORITY
AND FOR THE INTERNATIONAL
TRIBUNAL FOR THE LAW OF THE SEA
New York, 12-30 August 1991

THE FINANCE COMMITTEE

Working paper by the Secretariat

Establishment

The Finance Committee is established as a subsidiary organ of the Assembly and the Council to assist them in the financial administration of the Authority.

Composition

1. The Finance Committee shall be composed of 15 members.

2. No two members of the Finance Committee shall be nationals of the same State Party.

3. No member of the Finance Committee may serve on the Legal and Technical Commission or the Economic Planning Commission or any subsidiary organ.

4. Members of the Finance Committee shall act in their personal capacity.

Nominations

1. Candidates to the Finance Committee are nominated by the States Parties.

2. No State Party may nominate more than one candidate for the Finance Committee.

3. States Parties shall nominate for the Finance Committee candidates of the highest standards of competence and integrity with qualifications and experience in the field of financial management so as to ensure the efficient exercise of the functions of the Committee.

Elections

1. Members of the Finance Committee shall be elected by the Council.

2. In the election of the members of the Finance Committee, due account shall be taken of the need for equitable geographical distribution and the representation of special interests including, until the Authority shall have sufficient income from sources other than the contributions of States Parties to meet its administrative expenses, the representation of States Parties with the highest contribution to the administrative budget of the Authority

Term of office

1. Members of the Finance Committee shall serve for a period of three years.

2. A member of the Finance Committee shall begin his term of office on the date of election

3. The members of the Finance Committee shall retire by rotation and shall be eligible for re-election.

4. The members of the Finance Committee shall be elected by the Council at the regular session immediately preceding the expiration of the term of office of the members or, in case of vacancies, at the next session.

5. In the event of the death, incapacity or resignation of a member of the Finance Committee prior to the expiration of his term of office, the Council shall elect for the remainder of the term a member from the same geographical region or area of interest to be elected by the Council.

Functions*

1. Elaborate the draft financial rules, regulations and procedures pursuant to article 162, paragraph 2 (y), of the United Nations Convention on the Law of the Sea (hereinafter referred to as "the Convention").

2. Make recommendations to the Assembly on the assessment of contributions of members to the administrative budget of the Authority in accordance with article 160, paragraph 2 (e), of the Convention.

* It should be noted that the power of the Finance Committee to make recommendations in accordance with Annex III, article 13, paragraph 1, with regard to the financial terms of a contract between the Authority and the entities referred to in article 153, paragraph 2(b), of the Convention, (provison 7 of LOS/PCN/1990/CRP.38) should be reviewed at a later stage in the light of all the opinions expressed during the consultations.

3. Make recommendations to the Council on the proposed annual budget prepared by the Secretary-General. (article 172) (see also LOS/PCN/WP.21)

4. Make recommendations to the Council and the Assembly, as appropriate, on rules, regulations and procedures on the equitable sharing of financial and other economic benefits and on the decisions thereon in accordance with article 160, paragraph 2 (f) and (g), and article 162, paragraph 2 (o) (i), of the Convention. (article 173)

5. Advise the Council and the Assembly on the borrowing power of the Authority. (article 174)

6. Make recommendations to the Council on the borrowing power of the Enterprise in accordance with Annex IV, article 11, paragraph 2 (a), of the Convention.

7. Make recommendations to the Council, upon its request, with regard to directives to be issued by the Council to the Enterprise concerning the management of the finances of the Enterprise.

8. Make recommendations to the Assembly on the measures to be taken in order to deal with the shortfall deriving from lack of required funds in accordance with Annex IV, article 11, paragraph 3 (c), of the Convention.

9. Make recommendations to the Council or the Assembly, upon its request, on the financial aspects of the implementation of the programmes of work of the Secretariat.

10. Make recommendations to the Council in respect of the review of the collection of all payments to be made to the Authority in connection with operations pursuant to Part XI in accordance with article 162, paragraph 2 (p), of the Convention.

11. Make recommendations to the Council, upon its request, on the annual report submitted by the Enterprise in accordance with Annex IV, article 9, of the Convention.

12. Make recommendations to the Assembly with a view to determining, in accordance with Annex IV, article 10, paragraph 2, of the Convention, which portion of the net income of the Enterprise shall be retained as reserves of the Enterprise.

13. Make recommendations to the Assembly and the Council on the schedule for the repayment of interest-free loans in accordance with Annex IV, article 11, paragraph 3 (f), of the Convention.

14. Make recommendations to the Council, upon its request, on the remuneration to be paid to the members of the Governing Board of the Enterprise in accordance with Annex IV, article 5, paragraph 5 of the Convention.

15. Make recommendations to the Council and the Assembly on the financial obligations of States Parties arising from the operation of Part XI of the Convention as well as on the administrative and budgetary implications of proposals and recommendations involving expenditures from the funds of the Authority.

Decision-making

1. Decisions on the questions of procedure shall be taken by a majority of the members present and voting.

2. Decisions on questions of substance arising under paragraphs (functions ...) shall be taken by consensus.

3. Decisions on other matters of substance shall be taken by a two-thirds majority. Before matters of substance are put to the vote, every effort should be made to reach agreement by consensus and no voting shall take place until all efforts at consensus have been exhausted.

4. If no agreement on a substantive matter, referred to in paragraph 2, has been reached by way of consensus, the Committee shall submit a report to the Council or to the Assembly, as appropriate, reflecting the different views thereon.

Frequency of sessions

The Finance Committee shall meet as frequently as required for the efficient exercise of its functions.

Place of session

The Finance Committee shall normally meet at the seat of the Authority.

Other matters

Other provisions shall follow the general practice reflected in the ordinary rules of procedure.